25X1
Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

Page Denied

Next 1 Page(s) In Document Denied

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

~~TOP SECRET~~ [redacted] 25X1

The Director of Central Intelligence

Washington, D.C. 20505

NIC-03486/86
21 July 1986

National Intelligence Council

MEMORANDUM FOR: See Distribution

FROM: [redacted] 25X1
Acting National Intelligence Officer for Europe

SUBJECT: July Warning and Forecast Report

1. Attached is my report to the DCI based on our warning meeting held on 16 July 1986.

2. Next month's warning meeting will be held on Wednesday, 20 August 1986 at 1025 in room 7-E-62, CIA Headquarters. Please telephone attendance plans to our office [redacted] and have clearances certified by COB 18 August 1986. 25X1

3. I also encourage you to phone in suggestions for the agenda and names of volunteers to make opening presentations. It would be helpful to have your comments for the next meeting by Monday, 11 August 1986.

[redacted] 25X1

Attachment

CONFIDENTIAL when separated from attachment.

CL BY SIGNER
DECL OADR
DERV MULTIPLE

~~TOP SECRET~~ [redacted] 25X1
[redacted] 25X1

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

25X1
25X1

The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

[redacted] 25X1

21 July 1986
Copy 109

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: [redacted] 25X1
Acting National Intelligence Officer for Europe

SUBJECT: July Warning and Forecast Report

I. Main Discussion Items

A. Greece-Turkey: The Military Dimension of Rising Tensions

1. Discussion. Although the risk of military incidents remains high, command and control discipline is strict, particularly in the Turkish forces; and an unintended precipitous escalation of military conflict is likely only if the highest civilian level overreacts. In reviewing the 1984 incident involving the Greek destroyer "Panther," analysts noted that

[redacted] 25X1

Field commanders apparently have discretionary authority to take self-defense measures, but they do not have latitude to escalate the level of conflict. Thus, isolated military confrontations, arising by accident or miscalculation, are less likely to become flashpoints -- especially at a time when military staffs are on higher alert due to increased tensions.

[redacted] 25X1

CL BY SIGNER
DECL OADR
DERV MULTIPLE

25X1
25X1

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

25X1
25X1

25X1

B. West Europe's View of the Latin American Debt Conundrum

1. Discussion. West European postures are highly diverse, owing to differences by country and extent of exposure, as well as significant variations in banking regulations and individual portfolios. A common problem in Europe, however, is that smaller regional banks are loath to provide new money to Latin American creditors.

While West Europeans together account for nearly half of Latin American obligations, the individual Europeans say the issue is more a U.S. problem. Nonetheless, they are anxious to be consulted on the status of US/IMF negotiations. In the interest of reaching a settlement quickly, some West European banks are likely to be more willing than the U.S. or the U.K. to support a generous rescheduling arrangement for Mexico.

2. Warning Notice. Any U.S.-led solution risks criticism from some West Europeans. In the worst instance, bank solidarity among West European lenders might break down, thus inviting Latin American debtor nations to play bank against bank and country against country. Timely guidance to West European governments and financial institutions might avert some problems, but, as their interests are so diverse, it would not assure a West European consensus.

25X1

II. Monitoring Items

A. Italy: Italian Government Crisis

1. Discussion. With Andreotti's failure to form an interim coalition government, the most likely alternative is a five-party coalition headed by a lay party leader or a similar grouping headed by the recently resigned Craxi. In any event, early elections -- this fall or, more likely, next spring -- are almost inevitable. Meanwhile, the Italian body politic will be in greater disarray than usual, affording the PCI new maneuvering room and perhaps offering Gorbachev a chance to exploit the situation if he visits later this year.

25X1
25X1

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

25X1
25X1

25X1

B. Romania: The Internal Situation

1. Discussion. The already bleak internal situation is likely to get worse. More Romanians are blaming Ceausescu himself, but their preoccupation with eking out a subsistence suggests they will continue to eschew violent outbursts or organized opposition to Ceausescu's misrule. An effective system of state terror assures that local outbursts are isolated. To all appearances, Ceausescu's health is reasonably good, although speculation about succession continues and has recently included Bucharest Mayor (and former defense minister) Olteanu.

25X1

25X1
25X1

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

25X1
Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4

Page Denied

Next 1 Page(s) In Document Denied

Sanitized Copy Approved for Release 2011/03/17 : CIA-RDP87R00529R000100070049-4